SQUIRE PATTON BOGGS

# BIS extends suspension of "Affiliates Rule" until January 10, 2027

November 2026

On November 9, 2026, the US Department of Commerce's Bureau of Industry and Security (BIS) published a final rule titled "Extension of the Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities." The final rule extends the suspension of the BIS Affiliates Rule, which was set to expire on November 9, 2026 through January 10, 2027.

The Affiliates Rule is an interim final rule that had been in effect from September 29, 2025 through November 9, 2025, which expanded the Export Administration Regulations' (EAR) licensing requirements under the Entity List and other name-based restrictions to cover any foreign entity owned, directly or indirectly, individually or in the aggregate, 50% or more by one or more listed entities – or by unlisted entities that are themselves subject to Entity List restrictions based on their ownership. In other words, the same restrictions applicable to a listed parent entity would also apply to every foreign subsidiary or affiliate that meets the 50% or more threshold, regardless of its location.

For additional information on the Affiliates Rule and its impact on the EAR, please see our prior alert "BIS Expands Entity List Controls to All Unlisted Foreign Affiliates Owned 50% or More by Listed Parties."

The latest extension formalizes remarks made by Treasury Secretary Scott Bessent on September 23, 2026, following discussion with China's Vice Premier, He Lifeng, confirming an agreement to extend the bilateral trade truce between the US and China through January 10, 2027. The agreement was reached as President Xi Jinping arrived in Washington DC for a state visit hosted by President Donald J. Trump.

Although BIS's November 9, 2026 extension delays application of the Affiliates Rule through January 10, 2027, it seems to move the cliff rather than removing it. Notably, that date falls a week after the 120th Congress convenes with Democratic majorities in both chambers and there is bipartisan support for restricting China's access to US technology.

Earlier this year, incoming Senate Banking Committee Chairman Sen. Elizabeth Warren (D-MA) filed a disapproval resolution, S.J. Res. 112, seeking to nullify the suspension. The resolution was discharged from Senate Banking Committee in April. We expect that this resolution and/or the STOP Shells Act, a bill originally filed early in the 119th Congress intending to effectively codify the 50% rule, will be refiled once the new Congress convenes. Enactment within a week is unlikely, but the pressure narrows the White House's room to extend again, particularly since January 10, 2027, is also when the Busan truce expires.

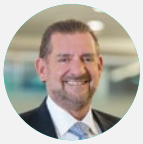
## Recommended actions

Companies that export, reexport or transfer items subject to the EAR, particularly to or within China, should review and map the ownership structures of transaction parties, including aggregate stakes held by multiple listed parties. Companies should assess whether their counterparties could become subject to the Affiliates Rule when the suspension expires on January 10, 2027, and maintain appropriate documentation and records to ensure compliance with the EAR.

Although transactions with entities that may become subject to the Affiliates Rule upon expiration of the suspension may be authorized during the suspension period, companies should not overlook potential red flags. For example, where an affiliate's ownership structure includes entities identified on the Entity List or Military End User (MEU) List, companies should conduct further due diligence to establish the affiliate's bona fides and assess whether it may be acting as an alter ego or otherwise operating on behalf of the listed entity. Such circumstances may warrant additional scrutiny independent of the suspension of the Affiliates Rule.

For more information on the impacts of the Affiliates Rule and compliance with US export controls, please contact the authors below.

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